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Center Maryland Opinion Editorial

Opportunity for Baltimore looms from Panama

By Donald C. Fry

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When the Mediterranean Shipping Company's 1,050-foot container ship Sindy docked at Seagirt Marine Terminal last week carrying 9,200 containers, we got a glimpse of the Port of Baltimore's bright future after the widened Panama Canal opens in 2014.

The Sindy is the biggest container ship ever to call at Seagirt. But it will pale in comparison to the size of many super ships that will begin calling at Seagirt three years from now.

The canal widening project has prompted plans for major port-related and nearby railroad infrastructure improvements to put the Port of Baltimore in a competitive position to capture a significantly increased amount of container cargo business headed toward mid-Atlantic ports beginning in 2014.

Under a partnership with the state, Ports America – the largest terminal operator in the U.S. – is making more than $500 million in improvements to Seagirt, including construction of a 50-foot deep berth to serve the massive container vessels bound for the east coast that will use the widened canal. The 50-foot berth should be ready by August 2012, ahead of schedule, according to Jim White, executive director of the Maryland Port Administration.

Meanwhile, the CSX Corporation is working with the U.S. Department of Transportation, the District of Columbia and six states, including Maryland, on an $850 million National Gateway project to strengthen the capacity of the mid-Atlantic's rail infrastructure to move double-stacked container freight to the Midwest from the ports of Baltimore, Hampton Roads, Va., and Wilmington, N.C.

The Panama Canal's widening opens East Coast ports up to super-container ships from the Far East carrying cargo bound for Eastern and Midwest U.S. destinations that they currently offload on the West Coast. This is legitimate potential new business for Baltimore, and it's big.

Studies show that after 2014 there will be a potential market in the mid-Atlantic region for handling more than four times the number of container cargo units the Port of Baltimore handled last year, which was a record year, the Port Administration's White recently told leaders of the Greater Baltimore Committee.

In 2014, Baltimore and Norfolk will be the only East Coast ports with 50-foot berths and the capability to serve the super ships, though other ports will be scrambling to deepen their channels.

Meanwhile, the CSX National Gateway rail initiative involves 10 projects in Maryland to increase track clearances under bridges and tunnels to enable Maryland to be a part of a direct, doubled-stacked rail network to the Midwest. CSX also plans construction of an intermodal terminal south of Baltimore City that would facilitate the transfer of cargo to and from double-stacked trains connected to mid-western destinations.

In Maryland, track clearance project locations include bridges in Germantown, Jessup, Hyattsville, and Washington Grove. Maryland clearance projects are also planned for tunnels in Point of Rocks, Catoctin, Sandy Hook, and Magnolia.

Fifty-one such track-clearance projects will be performed in other states between the East Coast and Chicago.

CSX is funding two-thirds of the National Gateway's $850 million cost. Federal and state governments along the rail routes have contributed the rest. Advocates for the initiative, which include Maryland Governor Martin O'Malley, point out that the National Gateway will greatly strengthen the Port of Baltimore's rail access to markets such as Pittsburgh, Cleveland, Chicago and St. Louis.

CSX's National Gateway investment represents one of the largest project investments in company's history, say CSX officials. They estimate that, in addition to the jobs the initiative will create, millions of dollars in highway maintenance costs and millions of gallons of fuel will be saved by converting highway truck miles to freight. Significant environmental benefits will also be realized, they add.

The company's current advertising campaign touts the ability of CSX trains to move one ton of freight nearly 500 miles on a single gallon of fuel. Double-stacked trains traveling along the National Gateway can deliver twice as many goods on one trip and could avoid millions of tons of highway carbon dioxide emissions, say company officials.

The proposed intermodal facility south of Baltimore is especially important to Maryland because it addresses the biggest logistical challenge to moving container cargo between Dundalk's Seagirt facility and the Midwest – Baltimore's 116-year-old Howard Street Tunnel. Seagirt cargo must travel though the tunnel to get to the main westward rail lines.

The tunnel, which was completed in 1895, cannot accommodate double-stacked trains. It constitutes a frustrating bottleneck in the current era of double-stacked rail freight. But prospects are slim that a proposed $1.2 billion replacement tunnel under West Baltimore could be funded, much less built anytime soon.

The intermodal facility, proposed for one of four potential locations in Elkridge, Jessup and Beltsville, will allow cargo to be shuttled from Seagirt to the facility, where it could be double-stacked and shipped by rail to the Midwest.

MDOT and CSX are currently reviewing community comments received at three public presentations on the site alternatives that were held in April, where some community opposition surfaced, particularly to proposed sites in Elkridge and in Beltsville.

Maryland transportation department officials strongly support the planned intermodal transfer facility and National Gateway project, and they're stepping up public information efforts regarding the projects.

"The freight business is changing, and it's important that Maryland keep pace," Maryland Transportation Secretary Beverley Swaim-Staley wrote in a recent op-ed in the *Baltimore Sun*.

To me, what makes construction of the intermodal facility and the National Gateway imperative is its potential to positively impact Maryland's original and long-standing commercial advantage – its location.

In the beginning, there was the Port of Baltimore. Its founding in 1706 preceded the founding of the City of Baltimore. Maryland's location and its history as a major transportation hub has been a great asset from its earliest days. Baltimore's inland port remains closest to the Midwest and today directly supports 16,700 jobs accounts for $3.7 billion in wages and salaries.

For more than 300 years, the port has depended on innovations in transportation. Rail innovation has been the dominant element of our port's ability to take commercial advantage of our location ever since the Baltimore and Ohio Railroad was chartered in 1827.

Now, 184 years later, rail remains at the center of yet another compelling transportation-related opportunity. The proposed transfer facility and the National Gateway represent innovation that addresses both the reality of our port's current competitive situation and the opportunity to garner significant new container business.

Clearly, the Howard Street freight tunnel challenge will not be overcome in the near future – that's the reality.

However, an intermodal facility south of Baltimore would give our port a solid strategic option to connect its burgeoning container cargo to the National Gateway double-stack rail network.

It's a creative and practical solution – particularly if CSX can develop attractive pricing that drives shippers from the Baltimore port to use the National Gateway rail option.

Beginning in 2014, there's a lot of business headed in our direction from the Panama Canal.

The CSX intermodal facility and National Gateway rail initiative, combined with the Seagirt improvements already under way, would put the Port of Baltimore in position to take full advantage of the business opportunity that is before us.

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